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RR RUEHWEB

DE RUEHEG #2839/01 2621502  
ZNR UUUUU ZZH  
R 191502Z SEP 07  
FM AMEMBASSY CAIRO  
TO RUEHC/SECSTATE WASHDC 6957  
INFO RUEHKB/AMEMBASSY KHARTOUM 1148  
RUEHDS/AMEMBASSY ADDIS ABABA 0306  
RUEHDR/AMEMBASSY DAR ES SALAAM 0084  
RUEHNR/AMEMBASSY NAIROBI 0341  
RUEHKM/AMEMBASSY KAMPALA 0151  
RUEHLGB/AMEMBASSY KIGALI 0043  
RUEHKB/AMEMBASSY KINSHASA 0066  
RUEHJB/AMEMBASSY BUJUMBURA 0001  
RUEHAE/AMEMBASSY ASMARA 0137  
RUEHAM/AMEMBASSY AMMAN 1781

UNCLAS CAIRO 002839

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E.O. 12958: N/A  
TAGS: [SENV](#) [EAID](#) [EAGR](#) [ECON](#) [PGOV](#) [SOCI](#) [EG](#)  
SUBJECT: Thirst on the Nile

Ref: Cairo 1877

Sensitive but unclassified. Please handle according.

11. (U) SUMMARY AND INTRODUCTION: Although significant progress has been made in improving infrastructure for potable water and sanitation, including \$3.3 billion in USAID assistance since 1977, poor maintenance due to poor management practices, combined with population pressures, mean that many Egyptians in rural areas do not have full-time access to running, potable water. Irrigation water is also a problem, due to crumbling infrastructure, inadequate or non-existent tariffs, and increasing demand. Egypt's share of Nile waters, set in a 1959 treaty with Sudan at 55.5 billion cubic meters (m3), is no longer adequate for current usage patterns and population growth. In response to recent protests and media criticism, the GOE plans more spending on maintenance and construction, and a reorganization of agencies response for infrastructure and water services, but lacks a long-term plan to rationalize water consumption. END SUMMARY AND INTRODUCTION.

13. (U) For Egyptians growing up within sight of the Nile, and who consider water a free good, the ideas of increased tariffs and water conservation are difficult to accept. The days of unlimited water are gone, however. In 2005, the average per capita share of water available in Egypt (including irrigation) was 770 cubic meters (m3) per year. The UN considers a country to be in a situation of "water scarcity" when its population has access to less than 1000 m3. In comparison, gross per capita water consumption in the U.S. is 10,000 m3 per year, and in Europe, 2000 to 3000 m3. By 2020, the UN projects that per capita share of water in Egypt is expected to drop even lower - to 590 m3.

14. (U) Over the summer, emboldened by successful strikes at textile factories, villagers throughout Egypt have held highly publicized demonstrations about water shortages. Villagers in Daqahliyah governorate protested a lack of access to drinking water in August, claiming drinking water was channeled to the Gamasa beach resort, which primarily serves wealthy Cairenes. Daqahliyah Governor General Ahmed Abdin responded that water in the governorate has been rationed to villages since 2001, and that Gamasa receives 30,000 cubic meters per day, similar to the rations received by other villages in the governorate.

15. (U) Residents of other Delta governorates and some Upper Egyptian governorates have also been protesting irrigation water shortages, including in Sharkiya and Beni Suef. In August, emboldened by protests, villagers in Daqaliya and Sharkiya governorates. Villagers said

irrigation water does not meet the needs of local farmers, who are forced to use drainage water to irrigate fields. The high salinity of the drainage water limits the crops farmers can grow; one of the few crops farmers can grow under the circumstances is rice. The villagers told emboffs that if they had clean irrigation water, they could grow more profitable crops such as vegetables, corn and cotton. Villagers also complained that local officials from the Ministry of Irrigation have been unable to address their complaints.

¶6. (U) In a recent interview, Prime Minister Ahmed Nazif said 250 villages lack access to drinking water, and many others have either an insufficient or irregular supply. Water plants in Egypt, he said, purify 20 million cubic meters (mm3) of water daily. Estimating that about one-third of that is "lost," about 14 mm3, or about 200 liters per capita per day, remain. The GOE has a regular annual budget of LE 2 billion (\$350m) for new construction of water and wastewater facilities. In 2006, another LE 20 billion (\$3.5b) was allocated for new construction in rural over a five year period. The GOE has also allocated LE 1 (\$175m) billion to maintain, upgrade and expand water infrastructure, in response to recent media criticism.

¶7. (U) Eighty-five percent of water consumed in Egypt is used for irrigation, and controlled by the Ministry of Water Resources and Irrigation (MWRI). This ministry has the lead on international water issues, as well as the timing and flow of water through the Nile below the Aswan High Dam. Irrigation water flows mainly through canals that draw water from the Nile. Some farmers complain that farmers close to the Nile, or those with political connections, take more than their share and do not leave enough for other farmers. Moreover, canal water is controlled by poorly paid local representatives of the Ministry of Irrigation. Farmers in the Delta told emboffs that they sometimes have to pay bribes to get water. To address this problem, USAID is supporting the formation of Branch Canal Water Users Associations (BCWUAs). These groups develop their own distribution schedule for the canals and sub-canals to better manage available resources and make the system more equitable.

¶8. (U) More significantly, Egyptian farmers, and small farmers in particular, continue to use flood irrigation, rather than modern/water-saving techniques such as drip or sprinkler irrigation. Although the GOE has begun charging commercial farmers for water in some new farming areas, most irrigation water is free. This removes any financial incentive to invest in new technology, or to conserve water. Moreover, a lack of financing means small farmers cannot invest in equipment, seeds, training etc. to convert to other crops. Even where drip irrigation is installed, farmers are often unwilling and/or unable to maintain it. To keep a drip irrigation system running, lines must be checked daily. Flood irrigation, used in Egypt for millennia, is easier and cheaper.

¶9. (SBU) The Ministry of Agriculture and Land Reclamation (MALR) issues guidelines to farmers on rice and sugar cane cultivation, in an effort to rationalize water use. These guidelines are widely ignored. Rice, a water-intensive crop, is reportedly grown on two-three times the area allocated by MALR. Fines for exceeding

space targets are seldom enforced. Another popular crop is sugar cane, which requires little if any tending during the growing season but is also water intensive. Commenting on Egypt's 1 million metric tons of annual rice exports, Parliamentarian Sherif Omar told emboff that "exporting rice is like exporting water."

¶10. (U) The potable water and waste management system, managed by the Ministry of Housing, is also under heavy pressure. Inadequate tariffs, low collection rates, and poor management have resulted in clearly inadequate services. As noted in para 6, the GOE plans to increase spending on infrastructure. Water shortages also affect industry. Many textile companies, for example, which require an uninterrupted supply of clean water, have built their own water treatment plants on site. The companies draw water directly from the canals, and purify it themselves. This ensures an adequate supply, but requires additional investment pushing up their production costs.

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Addressing the problem

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¶11. (U) Management challenges are exacerbated by the Balkanization of responsibility for water. The Ministry of Irrigation controls international negotiations and most water used within Egypt, while the Ministry of Agriculture controls farm policy, including crop guidelines. Within the Ministry of Housing, there are separate agencies for construction, and operations and maintenance. Finally, tariff rates are set by the Prime Minister directly. Although ministry representatives sit on each other's boards, interagency coordination is difficult and ineffective.

¶12. (SBU) Minister of Housing Ahmed Magrabi recently told an AmCham audience that the situation in the Delta is unacceptable. At his request, USAID will assist in managing the GOE's ambitious investment plan. Other changes include reforms to the administrative structure of the Ministry of Housing's water authorities, and creation of creating regional public companies responsible for construction, maintenance and supply of drinking water. Water issues must be addressed together with housing; service to existing neighborhoods is only part of the picture as the GOE must also cope with vast new "illegal" developments. The GOE is trying to rationalize ground water use for non-economic uses, such as golf courses, fountains and car washes. According to press reports, the guidelines are not always followed, including in the new expensive housing and commercial developments around Cairo, featuring golf courses, pools and lawns. It is not clear to what extent Magrabi is tackling these longer-term zoning and development issues.

¶13. (SBU) Minister for Irrigation Mahmoud Abou Zeid, a competent career bureaucrat, has put together a plan for water usage through 2017, based on integrated resource management. He faces considerable challenges in getting farmers to shift to less-water intensive crops, and to drip irrigation. Under current policies, however, it is clear that savings achieved by Agriculture or in the potable water system are intended to support continued expansion of agriculture, into the Sinai for example, rather than to reduce pressure on Nile resources. Prime Minister Nazif recently announced the GOE would conduct a review of agricultural policy, but did not specify if the review would address irrigation issues. Egypt's water problems are likely to continue unless and until the government takes a comprehensive look at how to use Egypt's water resources more efficiently.  
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